G. R. S. IX-5]

Previous references.

File No. 1 of 1896

191

(Banking)

Serial Nos. 1 - 9

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for

SUBJECT.

Mysore Government Account with the Bank of Madras.

H/S

W D 68—GPB—50,000—24-7-16

1. Reduce busy Season to 5 months fm 31 Dec to 31 May —

2. Make the rate of interest a differential one for such busy Season 2% less than the Banks' published rate, but not to exceed 5% —

For the Slack Season of 7 mos from 1st June to 31 Dec retain the present rate of 2% as a uniform but subject to the Condition that any Excess over 20 Lacs Shd carry no interest

S Hooper

Note. Today I showed to Col. Roberts on the Madras Bank letter of 4 Augt and asked his advice. He considered the request therein reasonable and on my showing the alternative as per above slip he thought that if I cd get the Madras Bank to agree to it I shd be very lucky — H. 7.1.97

I shd like to settle the matter finally when I go to Madras next week — H 7.1.97.

Guindy Madras
18 January 1897

Dear Sir

The Mysore Govt
Sri Srinivasengar, ~~my~~ Secretary has
I believe already written to you to say that I am
here for a short change and that I would like
when here to come to some understanding regarding
the ~~present~~ revision of the Mysore Govt: account
with your Bank ~~proposed~~ in your letter to me
dated 4 August 1896. ~~which~~ but had some de~~sign~~ on
~~on the subject when you favoured me a visit at~~
~~Bangalore. Some~~ ~~in~~ I am ~~letters at last~~
~~Kilburn in my family~~ here and the great distance I
~~have not yet been~~

The subject has been very carefully considered
by me from

I am very sorry that ~~I have not been able~~
~~yet to pay you a visit~~, owing to illness in my
family & the great distance at which we live.
However it ~~the subject of the account may~~
But I have given

I have not yet been able to pay you a visit

2/

My most Except Co Quarters and ~~I must Expectations~~
it will perhaps do Equally well if I Convey
to you my Views by means of this letter

Since your letter of 4 Augt was written, the
financial market has undergone some great
Change for the time being and Money has become
very dear. How long this will continue I can
no one Can of Course predict But the
Change ~~which has taken~~ and illustrates what I
mentioned to you at our interview
at Bangalore that a Sliding Scale of
interest ~~would~~ for the busy season
Wd be ~~most~~ Meet & fair to both Borrowers
~~Got to your~~ ~~your Bankers~~ Bankers &
My Govt. ~~I fully recognise~~ ~~The only~~
~~only Argument~~ Objection Such a Scale
~~& you pointed out to me at Bangalore~~
~~It is put for by the Banks getting the~~
~~being scarce (January to June)~~ ~~a Certain~~ Specified.
Having regard to the circs mentioned in
your letter of 4 Augt and to the Considerations
you ~~set forth in your letter~~ mentioned at
our Bangalore interview I am quite

3/

willing to meet the wishes of your Directors
~~by~~ ~~wish~~ for a ~~new~~ revised arrangement
~~with regard to your Bank~~ and ~~at~~
with that object in view to agree to a new Scales
which will allow of ~~being no allowance~~ a sufficiently liberal
Scale of ~~to your Bank~~ to meet the
margin possible Contingency of ~~this money~~ ~~at four~~
~~Securities~~ the Banks ..ency outstandings at
~~lower~~ rates of interest lower than ~~three~~
the declared Rate for the time being - I enter
below the rates now allowed by the Bank to the Syndicate
for both with those which I would propose
in Substitution

~~Percent~~

~~1st July to 31st Dec.~~ —

Bank rate.	Present rate allowed to Syndicate.	Proposed rate to Syndicate
4% ...	2 1/2	2
5%	3 1/2	3
6%	5	4
7% & 8% & upwards	6 / 6	5 / 6

from 1st July to 30 June.

5/

I trust your Directors will be able to regard the above mentioned rate as reasonable fair for both parties and of course we would think that when Bank Rates run high very little money is idle which is liable to be idle the margin of 2% I allow

As high Bank Rates are synchronous with increased demand for money in the Bank! Very little money is likely to lie idle when these rates prevail and. the margin difference of 2% throughout (instead of 1½ & 1 per cent as now) would be liberal enough to cover any previous outstandings at lower rates —

Another question is the large amount of money likely to lie idle during the slack season (1st July to 31st Dec) though the Bank has to pay 2% on the whole balance during the whole time. I am willing if really necessary to limit the charge for interest by providing that any excess over a fixed amount (say 20 or 30 lacs) shd carry no interest

If Before making any such a proposal I wd like your Directors to consider the wd of course naturally induce me to take

5/

by a reduction my balance in these months by means of investments and such investments will have the effect of reducing the balance during the busy months (first January & June) a result not altogether desirable for either party ~~both parties~~ ? Rather for better & than result of the expedient of a management ~~arrangement~~ for purposes of interest, will it not be better to leave me to regulate the balance with due regard to the convenience of the Board ? I have ~~been doing~~ ~~the most unfortunate~~ ~~and~~ never made any investment on first Paper without Consulting the Bank ~~&~~ or its requirements & I may be limited to Continue to do so — It was unfortunate that I invested so largely in first Paper some months ago, but that was done after due Consultation with you and neither you nor myself ~~and the Change which she has~~ then anticipated the increased Demand for money which has since ensued — I am very sorry that the

Mypres balance is now so very low but we can easily prevent the happening again, for I am not particularly anxious to [illegible] so long as I can realize a very average annual sum from the Bank – As it is I have issued stringent orders to improve the Mypres balance as much as & as quickly as possible. There are Considerations which I trust will have some weight with your Directors – But if they decide upon having a meeting how to fix the interest bearing balance I leave the Bank Secretary I shall be quite willing to agree to such a limit

I shall feel obliged by your placing the foregoing views before your Directors and if further discussion of any detail is required I shall be quite ready to meet yourself or any other delegate so to be able to settle the matter finally before I leave London which I propose to do next Thursday

To.

G. D. Ker Esquire

Secretary & Treasurer

Bank of Montreal

ALL LETTERS TO BE ADDRESSED AND REMITTANCES MADE PAYABLE TO "THE BANK OF MADRAS."

D.C. 107/25

Bank of Madras.

Madras 4th August 18

Sir K. Sheshadri Iyer, K.C.S.I.
Dewan of Mysore,
Bangalore.

Dear Sir,

My Directors have had under consideration the Agreement for the working of the Mysore Government Accounts and I have been desired to address you with a view to the modification of the terms of the Agreement which my Directors consider is essential, in view of the altered conditions of the money market, and the lower level in the value of money which seems likely to continue.

In support of this I may point to the conversion of 4% Government Paper to 3½%, with the prospect of a further reduction to 3% a few years hence, and also to the recent successful issue of a 3% Government Loan at a premium of 3⅛%. I may also mention that all the local Banks have reduced the rate of interest allowed on deposits, and first-class Securities of every kind are quoted at very high prices.

I am to point out that, during the six months ending 30th June last, the Bank paid on interest to the Mysore Government the sum of Rs 9,1. equal to Rs4-11-1% on the average daily balance at credit of the Government Account, a rate which far exceeds that ruling for similar deposits elsewhere. I am further to point out, that the average balance of the account from January to April (when most useful to the Bank) has been about 35 lacs, falling as low as 15 lacs in February. During May & June however, when the busy season was drawing to a close, the balance ran up to over 60 lacs, involving heavy payments on account of interest, at a time when the money could not be advantageously employed.

Under these circumstances my Directors find it impossible to continue paying the same rate as heretofore on your account current with our Bangalore Branch

In estimating the rate which the Bank can afford to pay from January to June, my Directors have further to bear in mind that, during the second half of the year, we can rarely find investments for the funds.

My Directors however, do not overlook the fact that the terms of the Agreement must be mutually advantageous to the Mysore Government and to the Bank, and they have therefore carefully

considered the best terms the Bank can offer consistently with its own interests.

I am accordingly desired to submit for your consideration the following proposal:-

(1) Interest to be allowed at 3% per annum from 1st January to 30th June on the daily balance at Bangalore Branch.

(2) Interest to be allowed at 2% per annum from 1st July to 31st December.

(3) The other conditions of the Agreement to continue as at present, but the Mysore Government to do all in its power to pay in collections at an earlier period of the year, when the funds are of more value to the Bank.

My Directors think that the above rates, average 2½% for the year, compare favorably with an investment in Government Paper, especially when it is remembered that interest is to be allowed on the <u>daily</u> balance, and that there is no risk of depreciation in the principal amount

Yours faithfully

Ag. Secretary & Treasurer.

	Average daily balance.	Average rate per cent per Annum	Amount of interest	Days	
January to June 1892	2221594	2 13 1	31072	182	
July to December 1892	4049300	2 - -	40493	184	
January to June 1893	2911805	5 1 11	73952	187	nh 11
July to December 1893	3222700	2 - -	32227	184	
January to June 1894	2763707	5 1 7	69812	187	3. 9
July to December 1894	3343600	2 - -	33436	184	2 13 4
January to June 1895	2848868	3 10 8	57826	187	
July to December 1895	3917900	2 - -	39179	184	3 - 6 - 3
January to June 1896	3985057	4 12 6	93666	182	X

Statement showing the Cash Balance at the several Treasuries in the Pro

onths	Particulars	1881	1882	1883	1884	1885	1886	1887
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
On 1st January.	Government Paper ...	...	...	7,43,148	4,66,000	4,79,500	4,74,900	11,02,400
	Bank Deposit ...	...	...		920	192	146	68
	Cash in Treasuries ...	13,23,628	18,19,520	19,14,511	27,85,837	22,83,875	26,58,260	42,49,572
	Total ...	13,23,628	18,19,520	26,57,659	32,52,757	27,63,568	31,33,306	53,52,040
	Expenditure ...	46,62,168	58,19,484	38,17,068	48,15,679	56,24,744	58,33,093	74,16,956
„ February...	Government Paper ...	...	...	7,21,000	4,66,000	4,69,500	4,74,900	15,02,400
	Bank Deposit ...	...	...	2,138	920	189	146	68
	Cash in Treasuries ...	24,95,751	28,10,965	31,57,427	31,63,300	25,41,372	30,87,764	43,23,633
	Total ...	24,95,751	28,10,965	38,80,565	36,30,220	30,11,061	35,62,810	58,26,101
	Expenditure ...	65,40,632	65,98,266	77,96,261	29,51,953	39,40,732	32,21,241	34,39,491
„ March ...	Government Paper ...	...	...	4,66,000	4,66,959	4,69,500	4,74,900	17,37,400
	Bank Deposit ...	...	...	2,138		184	89	68
	Cash in Treasuries ...	26,50,096	28,09,197	31,13,703	39,90,122	36,85,431	44,56,052	59,62,589
	Total ...	26,50,096	28,09,197	35,81,841	44,57,081	41,55,115	49,31,041	77,00,057
	Expenditure ...	75,76,223	79,68,757	86,27,371	109,40,419	108,84,935	124,94,407	153,52,515
„ April ...	Government Paper ...	...	...	4,66,000	4,66,000	4,69,500	4,74,900	17,37,400
	Bank Deposit ...	...	...	2,138	981	182	85	68
	Cash in Treasuries ...	34,65,023	28,50,181	32,49,617	35,07,189	35,07,448	52,77,549	65,23,511
	Total ...	34,65,023	28,50,181	37,17,755	39,74,170	39,77,130	57,52,534	82,60,979
	Expenditure ...	26,28,832	24,77,424	27,34,082	22,67,916	29,80,972	38,21,688	37,40,809
„ May ...	Government Paper ...	...	...	4,66,000	4,66,000	4,69,500	4,74,900	23,37,400
	Bank Deposit ...	...	...	2,138	720	181	85	68
	Cash in Treasures ...	34,39,862	25,04,690	31,04,870	33,22,728	34,34,273	52,03,901	56,42,620
	Total ...	34,39,862	25,04,690	35,73,008	37,89,448	39,03,954	56,78,886	79,80,088
	Expenditure ...	28,49,796	21,12,893	15,86,204	16,19,637	13,43,459	24,40,499	19,05,525
„ June ...	Government Paper ...	...	...	4,66,000	4,66,000	4,69,500	7,89,900	23,47,400
	Bank Deposit ...	...	...	2,138	450	181	82	68
	Cash in Treasuries ...	31,46,997	22,78,918	28,79,248	31,54,908	34,34,146	48,07,658	53,70,828
	Total ...	31,46,997	22,78,918	33,47,386	36,21,358	39,03,827	55,97,640	77,18,296
	Expenditure ...	29,25,068	23,48,489	15,95,876	15,86,356	15,97,129	15,62,483	20,06,222
„ July ...	Government Paper ...	...	...	4,66,000	4,66,000	4,69,500	7,89,900	23,57,400
	Bank Deposit ...	...	...	2,086	449	181	79	68
	Cash in Treasuries ...	27,71,464	17,46,897	26,02,032	29,85,169	33,34,333	46,97,705	51,72,569
	Total ...	27,71,464	17,46,897	30,70,118	34,51,618	38,04,014	54,87,684	75,30,037
	Expenditure ...	21,94,141	17,56,348	15,79,770	15,69,447	13,26,326	16,31,746	20,88,865
„ August ...	Government Paper ...	...	...	4,66,000	4,66,000	4,69,500	7,89,900	23,57,400
	Bank Deposit ...	...	...	2,086	322	179	74	68
	Cash in Treasuries ...	22,84,353	18,71,376	23,58,103	27,16,362	31,77,996	45,30,059	49,37,484
	Total ...	22,84,353	18,71,376	28,26,189	31,82,684	36,47,675	53,20,033	72,94,952
	Expenditure ...	23,73,591	31,61,886	14,46,601	12,16,329	15,15,976	15,54,551	59,89,342
„ September..	Government Paper ...	...	11,51,778	4,68,080	4,66,000	4,75,055	7,89,900	37,76,400
	Bank Deposit ...	...			322		74	68
	Cash in Treasuries ...	17,13,965	16,85,511	20,28,939	24,72,095	29,45,091	43,17,913	29,89,058
	Total ...	17,13,965	28,61,264	24,97,019	29,38,417	34,20,146	51,07,887	67,65,526
	Expenditure ...	20,44,812	26,52,405	14,92,801	13,91,612	13,12,890	15,57,630	19,27,630
„ October ...	Government Paper ...	...	11,51,778	4,66,994	4,66,000	4,74,900	7,89,900	37,76,400
	Bank Deposit ...	...			323	151	74	68
	Cash in Treasuries ...	12,50,707	13,40,667	15,09,161	21,48,831	26,89,455	39,82,355	23,79,577
	Total ...	12,50,707	24,92,445	19,76,155	26,15,154	31,64,506	47,72,329	61,5
	Expenditure ...	19,54,071	26,46,171	14,76,855	13,39,797	14,53,196	18,97,407	26
„ November...	Government Paper ...	...	9,40,279	4,66,000	4,79,500	4,74,900	11,02,400	
	Bank Deposit ...	...		994	322	146	68	
	Cash in Treasuries ...	9,98,542	11,88,334	10,98,384	18,38,833	24,33,040	33,27,457	2,15,501
	Total ...	9,98,542	21,28,613	15,65,378	23,18,655	29,08,086	44,29,925	59,91,969
	Expenditure ...	29,01,946	22,26,254	16,13,623	14,32,272	16,83,175	19,08,970	23,95,411
„ December...	Government Paper ...	...	7,23,138	4,66,000	4,79,500	4,74,900	11,02,400	37,76,400
	Bank Deposit ...	...		993	192	146	68	68
	Cash in Treasuries ...	7,54,378	10,04,689	9,34,719	14,26,617	21,22,670	31,56,027	19,47,897
	Total ...	7,54,378	17,27,827	14,01,712	19,06,309	25,97,716	42,58,495	57,24,365
	Expenditure ...	25,44,607	35,47,600	43,25,799	18,38,165	21,31,540	20,91,602	25,48,410

vince at the beginning of each month and Expenditure during the month.

1888	1889	1890	1891	1892	1893	1894	1895	1896
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
37,76,400	51,02,400	58,52,600	62,50,200	70,62,200	48,37,700	67,17,400	89,32,200	96,13,100
32	48,636	4,84,487	9,49,085	9,73,067	29,97,116	22,49,214	19,25,448	27,80,094
35,27,442	28,77,743	34,92,569	38,26,915	23,18,070	21,14,940	22,25,678	20,79,307	27,13,796
73,03,874	80,28,779	98,29,656	110,26,200	96,53,337	99,49,756	111,92,292	129,36,955	151,06,990
74,18,756	74,91,531	82,68,071	85,18,113	55,09,025	59,48,384	55,53,915	61,90,181	54,22,517
37,76,400	51,32,400	58,95,600	62,69,200	60,12,200	48,37,708	67,65,900	89,37,800	96,13,100
32	8,56,154	12,58,349	24,58,802	4,52,064	11,46,130	8,49,792	4,31,645	13,99,135
35,20,691	30,01,959	38,25,950	32,93,687	23,14,587	26,30,083	24,82,165	24,65,693	30,88,172
73,00,123	89,90,543	109,77,899	120,21,689	87,78,851	86,13,913	100,97,857	118,35,138	141,00,407
48,47,683	48,93,353	73,97,620	51,84,498	39,98,499	62,40,120	55,01,403	56,66,707	46,25,072
37,76,400	51,32,400	59,05,700	62,71,200	60,61,700	48,37,700	68,38,400	89,50,800	96,13,100
32	23,42,323	24,57,341	36,30,955	10,66,209	13,00,168	13,75,259	12,80,768	18,21,117
57,83,291	35,64,401	35,36,811	39,01,461	36,43,620	42,59,822	43,48,344	39,74,012	49,75,298
95,59,723	110,39,124	118,99,852	138,03,616	107,71,529	103,87,690	125,62,003	142,05,580	164,09,515
220,68,189	128,61,357	143,98,065	150,03,786	79,05,281	89,37,986	90,16,355	87,52,680	...
37,76,400	49,31,900	58,87,700	58,85,200	56,11,700	48,37,700	68,38,400	89,50,900	96,13,100
32	23,06,754	27,45,005	42,13,125	14,12,151	20,51,095	27,84,268	19,47,264	30,68,225
55,75,542	35,70,498	33,32,796	39,25,907	35,75,458	39,82,679	41,33,674	41,78,915	46,82,063
95,51,974	108,09,152	119,65,501	140,24,232	106,99,309	108,70,474	137,56,342	150,77,077	173,63,388
38,40,432	38,31,540	34,40,854	31,42,926	44,80,605	68,00,919	59,53,582	65,71,492	...
37,76,400	49,31,900	58,93,700	58,85,200	56,11,700	48,37,700	68,38,400	84,64,730	98,39,100
32	26,29,300	30,05,619	46,59,092	24,92,913	35,34,791	44,92,018	38,85,013	48,35,456
54,18,504	25,85,413	25,31,568	30,66,731	37,61,555	34,32,310	40,08,479	40,77,100	43,65,744
92,24,936	101,46,313	114,30,887	136,11,023	118,66,168	118,04,791	153,38,897	164,26,843	190,40,280
23,21,508	29,48,576	24,55,820	25,15,681	52,29,146	57,50,978	63,62,039	55,33,022	...
37,85,400	49,31,900	59,44,200	59,62,200	46,11,700	49,60,700	69,13,900	89,50,900	98,39,100
32	23,01,981	29,27,705	47,05,020	33,07,406	44,17,466	57,89,759	50,96,576	60,89,085
50,43,628	23,09,058	24,06,323	27,77,101	33,09,736	41,32,532	37,23,183	41,55,275	43,77,905
89,29,060	95,42,939	112,78,228	134,44,321	113,28,812	135,10,698	164,26,843	182,02,751	203,06,090
28,40,102	21,71,231	28,70,440	23,57,342	158,09,977	106,79,065	105,72,046	96,59,701	...
37,89,400	49,31,900	59,48,200	59,62,200	42,36,700	47,23,700	65,89,700	85,79,100	98,39,100
32	23,37,176	22,95,470	45,90,634	42,12,253	55,87,263	61,61,218	58,24,424	65,66,888
36,00,527	19,90,864	23,07,563	24,71,632	28,50,452	28,97,334	28,91,444	32,79,636	35,36,884
83,89,959	92,59,940	105,51,233	130,24,466	117,99,105	132,08,297	156,42,362	176,83,160	199,42,672
23,94,935	26,34,436	22,24,908	28,09,314	26,99,034	32,23,350	37,30,283	36,97,476	
37,89,400	49,32,900	59,48,200	59,62,200	42,74,700	55,48,700	66,27,200	85,79,100	
32	23,48,150	24,54,489	39,73,289	47,21,307	53,87,456	61,31,292	53,19,416	
45,81,019	18,64,276	18,84,179	21,73,258	26,28,885	25,91,746	26,31,141	33,20,049	
83,70,451	91,45,326	102,86,868	121,08,747	116,24,892	135,27,920	153,89,633	172,18,565	
23,14,678	23,71,604	28,20,320	46,77,588	22,17,923	49,03,068	71,64,034	34,60,325	
37,97,400	55,45,100	61,50,200	69,62,200	43,27,700	65,58,700	81,27,200	89,53,100	
32	20,26,556	19,56,866	27,21,503	46,54,832	34,05,514	33,84,879	50,10,116	
41,40,117	18,97,238	19,11,898	20,11,056	24,80,810	25,53,034	25,36,397	31,63,658	
79,37,549	94,68,894	100,18,964	116,94,759	144,63,342	125,17,248	140,48,476	169,28,872	
29,81,192	30,05,810	25,22,102	34,05,369	31,62,214	28,61,980	39,97,950	43,40,777	
37,97,400	57,97,100	61,50,200	69,62,200	48,27,700	65,89,700	89,27,200	94,55,100	
32	13,42,890	15,14,838	16,03,739	39,49,729	32,91,972	30,41,951	32,94,878	
38,94,530	16,38,126	19,61,898	21,47,585	21,55,525	22,80,701	25,05,042	29,15,108	
76,91,962	87,78,116	96,26,936	107,13,524	109,32,954	121,62,373	144,74,193	156,65,086	
45,11,715	32,77,466	23,14,434	25,37,083	28,92,907	27,68,031	26,45,464	54,02,994	
50,97,400	58,00,100	61,50,200	69,62,200	48,27,700	66,37,400	89,27,200	96,05,100	
32	6,60,590	12,14,467	11,69,786	34,85,559	29,47,564	29,24,139	30,15,868	
23,56,526	18,11,963	17,64,691	18,04,992	21,13,510	21,56,313	21,74,016	27,96,778	
74,53,958	82,72,653	92,29,358	99,36,978	104,26,769	117,46,277	140,25,355	154,17,746	
30,55,038	25,28,363	36,01,657	29,52,333	31,84,842	38,26,540	36,73,316	37,98,118	
59,97,400	58,52,600	61,50,200	70,12,200	48,37,700	66,87,900	89,28,200	96,13,100	
32	4,88,807	7,17,278	6,86,330	30,95,364	26,67,235	25,87,843	28,87,867	
20,43,437	16,64,076	16,43,480	20,37,133	21,87,285	21,66,882	21,21,114	27,13,015	
71,40,869	80,05,483	86,10,958	97,35,663	101,20,749	115,22,017	136,37,157	152,13,982	
38,31,841	30,26,314	28,49,412	37,80,215	51,56,943	40,55,300	44,04,188	39,58,656	

ALL LETTERS TO
BE ADDRESSED
AND REMITTANCES
MADE PAYABLE TO
THE BANK OF MADRAS.

Bank of Madras.

Madras 22nd Decr 1896

Sir K. Seshadri Iyer, K.C.S.I.
Dewan of Mysore,
Bangalore.

Ban l
No. 1-96
Serial No 1

Sir,

I have the honor to request that I may be favored with an early reply to my letter No. P.C. 07/25 of 4th August 1896, proposing new terms for the Mysore Government Account with our Bangalore Branch.

I have the honor to be
Sir,
Your obedient Servant,

Secretary & Treasurer.

Office of the Dewan of Mysore
Dated Bangalore 7th January 1897

From

The Secretary to the Govt. of Mysore
General & Rev. Depart.

To

Secy. & Treasurer
Section Bank
Madras Bazar
File No [illegible] Madras
Serial No 2

No. 74
D C

Sir,

In acknowledging the receipt of your letter to the Dewan of 22nd Dec 1896 regarding the Mysore Govt account with your Bangalore Branch I am directed to say that the Dewan had intended to settle the matter when he was last at Madras at ~~last week~~ by a personal interview with the Directors when he was lately at Madras but has had to return to Bangalore, but is again coming to Madras for a few days on the 12th instant & will then stay there for a week & also when there he proposes to settle with you the details of the new arrangement proposed by your Directors on lines mutually agreeable finally

7-1-97

Secretary

Guindy Madras.

18th January 1897.

Section Bank
File No 1-96
Serial No 3

Dear Sir,

Mr. Srinivasiengar Secretary to the Mysore Government has I believe already written to you to say that I am here for a short change and that I would like when here to come to some understanding regarding the revision of the Mysore Government Account with your Bank, proposed in your letter to me dated 4th August 1896.

I am very sorry that owing to illness in my family and the great distance at which we live, I have not yet been able to pay you a visit to settle this question. I have however given it my most careful consideration and it will perhaps do equally well if I communicate to you my views by means of this letter

Since your letter of 4th August was written the financial market has undergone some great change for the time being and money has become very dear. How long this

will continue no one can of course predict But the change only illustrates what I mentioned to you at our interview at Bangalore that a sliding scale of interest for the busy season would be fair to both your Bank and my Government Having regard to the circumstances specified in your letter of 4. August and to the considerations you mentioned at our Bangalore interview, I am quite willing to meet the wishes of your Directors for a revised arrangement and with that object to agree to a new sliding scale which would allow of a sufficiently liberal margin

to meet the possible contingency of the Bank's money outstanding at rates of interest lower than the declared rates for the time being I enter below the rates now allowed by the Bank to the Mysore Government together with those which I would propose in substitution

	Bank rate	Present rate allowed to Mysore Govt	Proposed rate to Mysore Government
	4%	2½	2
From	5%	3½	3
1st January to	6%	5	4
30th June.	7%	6	5
	8% and upwards	6	6

I trust your Directors will be able to regard the above proposed rates as just for both parties. As high Bank rates are synchronous with increased demand for money, very little money is likely to be idle in the Bank when these rates prevail; and moreover the difference of 2% throughout (instead of ½ and 1 per cent as now) would be liberal enough to cover any previous outstandings at lower rates.

Another question is the large amount of money likely to be idle during the slack season (1st July to 31st Dec)

though the Bank has to pay 2% on the whole balance during the whole time. I am willing if really necessary to limit the charge for interest by providing that any excess over a fixed amount (say 20 or 30 lacs) should carry no interest. Such a provision would naturally induce me to try and reduce my balance in those months by means of investments, and such investments would have the effect of reducing the balance during the busy months (January to June),

a result not altogether desirable for either Party Rather than resort to the expedient of a maximum amount for purposes of interest, would it not be better to leave me to regulate the balance with due regard to the convenience of the Bank? I have never made any investment in Government paper without consulting the Bank or its requirements and I may be trusted to continue to do so. It was unfortunate that I invested so largely in Government Paper some months ago, but that was done after due consultation with you, and neither

you nor myself then anticipated the increased demand for money which has since ensued. I am very sorry that the Mysore Balance is now so low, but we can easily prevent this happening again for I am not particularly anxious to invest in 3%s so long as I can realize a fair average annual rate from the Bank. As it is I have issued stringent orders to improve the Mysore Balance as much as, and as quickly as possible. These are considerations which I trust will have some weight with your Directors But if they decide upon

having a maximum limit for the interest bearing balance during the slack season, I shall be quite willing to agree to such a limit

I shall feel obliged by your placing the foregoing views before your Directors and if further discussion or any detail so required I shall be quite ready to meet yourself or any other delegate so as to be able to settle the matter finally before I leave Madras which I propose to do next Thursday.

Yours &c.

M

G. D. Ker Esqr, Secy & Treasurer, Bank of Madras

Three proposals are suggested by the Masters
Each with the following additions —

1) — Same to be considered as to
Six months

2) — Maximum interest means balance of
The Calendar — Each season to be
20 days

3) — The amount on which MR
A Class entitled for
the month by in
which it is paid
(not Jany 2 March)

The expenditure believe — 1 — me + 1 — Pia —
in been as follow —

June	113	135	164	
	99	111	129	
	14	24	35	31

To provide for the
to leave 15 lacs
1st Feb, would be
a good deal more if

Pay salary

$17\frac{1}{2} \times$

35,000.00

17,500

35

$17\frac{1}{2}$ - 31 days

$17\frac{1}{2}$ - 31 days

$35 \times$ | $35 \times$

$+17\frac{1}{2} \times 2$ | at 2

35,000.00

$\frac{1}{2}$

35,000

17,500

52,500 +

Bank of Madras

Madras 22d June 1897.

Sir K. Sheshadri Iyer K.C.S.I
Dewan of Mysore
Bangalore.

Dear Sir

I have communicated to my Directors the substance of our conversation on 20th instant, and I have now the pleasure to inform you that they agree to the proposed new terms for

the Mysore Government Account which I here recapitulate

1. Interest to be allowed on the daily balance during the busy season - January to May inclusive - in the following sliding scale.

Bank's minimum rate being -	Interest to be allowed at -
4% under	2%
5%	3%
6%	4%
7%	5%
8% & upwards	6%

2. During the months of January and March interest will be allowed only on the balance

in excess of the sum which has to be paid about the end of those months to the Government of Sudra on account of Kist. This clause to be subject to modification if at any time the dates for payment of Kist are altered.

3. During the slack season June to December inclusive - interest to be allowed at 2% per annum on the daily balance not exceeding 20 lakhs. Any balance in excess of 20 lakhs not to bear interest

4. No minimum balance

is guaranteed by the Singapore Govern
ment during the heavy season,
but my Directors note that you
will issue instructions to main
tain as far as possible a fair
average balance as during the
corresponding months of 1896.

5. The above terms to come
into operation as from 1st January
1897 and to remain in force un-
-til the expiration of six months
after notice on either side such
notice to be given in the months
of January or July.

Kindly reply confirming
the above arrangement.

I am &c

Secy and Treasurer

Secy.

Print these terms (which are those I have approved) under a title as follows:—

"Terms of the Mysore Government Account with the Bank of Madras in force from 1st January 1897"

Write an official letter to Comptr sending copies of these Revised terms for information and guidance and communicate to the Khazana Bakshi.

Reply Off.y to the Bank of Madras to convey the approval of the

Government to the terms as set forth herein

No printed proceedings are required as the Bank does not like any publication.

circulate to Council for information 29/1/97

J of K.S.
1 28/1/97

TERMS OF THE MYSORE GOVERNMENT ACCOUNT WITH THE BANK OF MADRAS IN FORCE FROM 1st JANUARY 1897.

Interest to be allowed on the daily balance during the busy season—January to May inclusive—according to the following sliding scale:—

Bank's minimum rate being	Interest to be allowed at
4 % and under	2 %
5 %	3 %
6 %	4 %
7 %	5 %
8 % and upwards	6 %

2. During the months of January and March, interest will be allowed only on the balance in excess of the sum which has to be paid about the end of those months to the British Government on account of Kist (Subsidy.) This clause to be subject to modification if at any time the dates for payment of Kist (Subsidy) are altered.

3. During the slack season—June to December inclusive—interest to be allowed at 2% per annum on the daily balance not exceeding 20 lakhs. Any balance in excess of 20 lakhs not to bear interest.

4. No minimum balance is guaranteed by the Mysore Government during the busy season, but endeavours will be made to maintain as far as possible a fair average balance, as during the corresponding months of 1896.

5. The above terms will come into operation from 1st January 1897, and will remain in force until the expiration of six months after notice on either side, such notice being given in the month of January or July.

OFFICE OF THE DEWAN OF MYSORE,
Bangalore, 27th January 1897.

By order,

C. SREENIVASIENGAR,

Secretary to Govt., Genl. and Rev. Depts.

Section — Bank

File No — 96

Confidential Memo

Mr. J Matheson of the Maiden Bank Ltd. to see me today

In the present State of the money market, the Bank is anxious to have as much of the Mysore Balances as possible - I have promised to do my best to maintain our account with the Bank at as high a figure as possible.

Mr. Matheson on his part represents his wishes more to make part of our arrangement with the Bank - as regards interest on our balances - more liberal than it now is under terms settled in January 1897 - The proposed alteration is not much to speak of & the local Agent need write about it - Apart altogether from this consideration, I would on general financial grounds like to see our Balances at the Bank & the maintained at the highest possible figure

We must not for the present promise any more Gold of India Paper. In the Budget Statements of that Govt mention

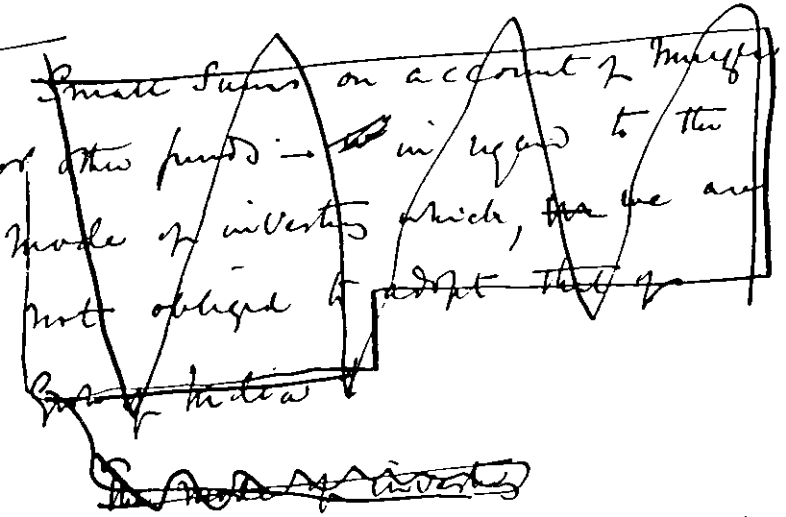
was made for a new Loan for Some 3 Crores this year - we Cant be Certain when this will Come off - When it is announced Govt Paper 3½% now quoted at 93½% may drop further - Even to 90% or So

Any ~~Sums which we have to~~ investments in Govt Paper by actual payments from the Reserves ~~the~~ until further order to be effected by transfer of Paper already held on the Surplus account

~~Small Sums on account of Insurance~~ or other funds - ~~but~~ in regard to the Mode of investing which, ~~that~~ we are not obliged to adopt ~~that of~~

~~Bulk of the Law~~

~~The Mode of Investing~~



Where the Sums of investment is

optional with us — and this is in case as regards any
Cowasjee Surplus Margin & other funds — we
are of Course not bound to invest in Govt
of India Paper — In all such cases I would,
until further order, invest in fixed deposits
with the Madras Bank (fixed for 1 renewable
at End of 2 years and Carrying 4½%
interest), in accordance with what the
Bank, I am informed, is now proposing to offer — We
are not likely to have I fear any
State Surplus to invest in this way in
the Current year, but any small
sums belonging to the Margin or other
funds (where we are not obliged to invest
in Govt Paper) may be invested in
Fixed Deposits with the Madras Bank for the present.

27/5/90

To:
The Comptroller for
perusal, note & return
when no longer required
27-5-98

Section Bank
File No 1-96
Serial No 5

Received Confidential Memo
dated 27 May 1898 re his interview
with Mr Matheson of the Bank of
Madras on the subject of Imam
Cannys balance at the
Bank at the hyderabad Residency
Agency &c. Beg to state that
our Cash balance in all the
Treasuries of the Province and
in the Bank on the 1st June 1898
amounted to Rs 6,080,454.12.2.
The balance on the 1st July 1898
will not be anticipated, amount
to Rs 65 lacs, which is the minimum
balance required to meet demands
till the 1st February 99 as
already stated in my telegram
of the 7th May last. I think
therefore that it is not
practicable to make investment
or deposits of any kind
during the year 1898.99

Enclose letter received
from the Agent Bank of Madras
Bangalore No 68/204 dated 2nd
June 98 and my reply thereto

For perusal and duly returning

the Treasurer's Memo is returned

herewith, a copy being retained

E. Wilson

Comptroller

Inspector General

NE

25.6.98

ALL LETTERS TO BE ADDRESSED AND REMITTANCES MADE PAYABLE TO "THE BANK OF MADRAS"

68/2 Hes

S OFFICE
2 - Bank of Madras.
MYS

Bangalore 2nd June 1898

Section Book
File No 1-96
Serial No
Bangalore 6

The Comptroller of Mysore

Dear Sir

With reference to the limit fixed for the balance of the Dewan's account on which interest is payable from 1st June to 30th November my Head Office advise me that as this season is an exceptional one I may inform you that, if you keep your balance up to or near the present amount we will pay interest on the whole while the present unusually prolonged stringency lasts, and until our minimum rate is reduced to 5%.

Whether we can utilize more than the present amount at credit will depend on the time for which funds will be available, as well as the trade demand and to enable us to judge we will be obliged if you will give us a statement shewing the probable receipts and payments which may pass through the account during the next six months. We expect of course

Fort St. George 80.
1836

only approximate figures and we may possibly be able to utilize a little more than the present balance if available for any length of time of course if funds have to be returned within say a month, it will not pay us to remit from Bangalore to Madras and vice versa

I am Dear Sir
Yours faithfully
H. Evans
Agent.

Ry Co: 94588 9/16/98
Price

Books

Statement

180 A. H. Abdulla Esq. Tl

a DEPARTMENT

189 8

From

Sir Bank

File No E. 1-96

Serial No.

To The Agent

Bank of Mysore,

Bangalore.

Dated

Despatched 10 June

Received

General No. 945-8
No.

Enclosure No. 1

In the reference
to your letter No. 268
dated 2nd June 1898,
I have the honour to
state that, two remit-
tances will be made
from July to the
first of next month. In
the first three years
Rs. 25 has been
deducted during these
months because

[illegible] the amount stated
in our statement of accounts
& not paying [illegible] the
Treasurer.

During [illegible] last
no investments
are likely to be
made [illegible] with
Trustees until the
early [illegible] current
Subscriptions are
are not likely
to exceed the average
of the past three
years & as the [illegible]
for this purpose

[illegible]

[illegible]

[illegible]

Statement Shewing the Receipts, Expenditure

Months	1895-96			1896-97			
	Receipts	Expenditure	Balance	Receipts	Expenditure	Balance	Re
July	3263779	3697476	- 433697	3119161	3422656	- 303496	393
August	2960384	3284325	- 323941	2739004	3046842	- 307838	259
Septr	2394764	3640777	- 1246013	2748792	3264788	- 515996	362
Octr	3029634	3252995	- 223361	2569096	3025665	- 456569	304
Novr	3498014	3790118	- 292104	3996942	4827672	- 830730	288
	✓	✓	✓	✓	✓	✓	
Total	15146575	17665691	- 2519116	15172995	17587623	- 2414628	1608

W
7/6/98

Balances by excluding Investments & Surplus amounts

1897–98		
pts	Expenditure	Balance
9.22	4726576	– 795654
4.56	2890719	– 293263
0.34	4711726	– 488692
6.51	3396725	– 351074
3.20	4052483	– 1166463
—	—	—
✓	✓	✓
083	19178229	– 3095146

Guy

C McPhillee
Inlgorh

ALL LETTERS TO BE ADDRESSED AND REMITTANCES MADE PAYABLE TO "THE BANK OF MADRAS."

Bank of Madras.

Madras 7th Dec 1899

Sir K. Sheshadri Iyer, B.A., B.L., K.C.S.I.
Dewan of Mysore
Bangalore.

Section Bank
File No 1 96
Serial No 8

Dear Sir,

I have the honor to inform you that my Directors have resolved to give notice terminating the agreement dated 27th January 1897 for keeping the Mysore Government account at our Bangalore Branch.

My Directors have been forced to adopt this course owing to the fact that while the Bank has had to pay a very considerable sum for interest on the account during the slack season, when the money could not be profitably employed, practically no balance has been maintained at credit of the account during the busy months, during which period we had hoped for a substantial balance, in terms of para 4 of the agreement to compensate for the interest paid during the slack months.

In terms of this notice, the Agreement will expire on the 30th June next.

I

I have the honor to be
Sir
Your most Obedient Servant

Secretary & Treasurer.

No 45
D.C

Office of the Dewan of Mysore

Section Bangalore, 11th December
Date No 1-96 1899.
Serial No 9.

From

Rajyadhurandhara,

Sir K. Sheshadri Iyer, K.C.S.I

Dewan of Mysore

To,

G. D. Ker Esqre

Secretary and Treasurer,

Bank of Madras - Madras.

Sir,

I have the honor to ac-
knowledge the receipt of your letter
of the 7th Instant giving notice of
the desire of the Directors of the
Bank of Madras to terminate on
the 30th June next, the arrange-
ment subsisting between the Gov-
ernment of Mysore and the Bank
under

under the agreement dated 27th January 1897.

I have the honor to be,

Sir,

Your most obedient Servant

Dewan of Mysore.